Oregon Medicaid reforms meet savings goals as more enroll

By Andis Robeznieks | January 14, 2015

Oregon's 380,000 new Medicaid enrollees are younger and healthier than anticipated, so the influx into the state's coordinated-care system did not negatively affect its ability to meet targeted savings of $11 billion over 10 years, the state reported Wednesday.

A 21% decline occurred in emergency department visits for patients served by Oregon's coordinated-care organizations since the 2011 baseline, the state reported. Also reported—a 9.3% decline in hospital admissions related to short-term diabetes complications, and a 48% decrease in hospital admissions for chronic obstructive pulmonary disease.

Oregon's Medicaid reform initiative was launched in 2012 after receiving a $1.9 billion grant from the CMS. There are now 16 CCOs managing the care of the 990,000 Oregon Health Plan enrollees.

The effort to get enrollees connected to a patient-centered medical home could be partially responsible for the care improvements. CCOs also have been motivated to improve care by receiving incentive payments if they meet or exceed 17 performance-measure targets, such as controlling diabetes and hypertension. Some argue that the CCOs have been given the freedom to be innovative and they've risen to the challenge.

“We are succeeding with coordinated care if you use emergency-department utilization as an indicator,” said Lori Coyner, Oregon Health Authority director of health analytics. About 90% of the state's Medicaid population receives care through a CCO, with another 5% opting for care either through Medicare or the Indian Health Service, she said.

Originally, the state was issuing quarterly reports. The latest edition covers six months, from July 2013 through June 2014. It also includes the 380,000 new patients who enrolled in Medicaid after Oregon chose to expand coverage to include residents up to 138% of the federal poverty level.

“There was a lot of trepidation around the new influx of enrollees, especially since there

were only 560,000 when we started, but it's looking quite encouraging" Coyner said. "The new covered population is largely younger adults and with a higher percentage of males than we've had before."

The new Oregon Health Plan members had lower utilization rates than existing members, but Coyner said the state is watching to ensure the lower utilization rates have not been caused by access issues.

Inpatient costs have fallen 5.7% to $82.31 per member per month from the 2011 baseline of $87.45. The largest drops have been for mental health and maternity services, at 12.7% and 11.1%, respectively.

Coyner said they are still studying the data to find an explanation, though she noted how most Oregon hospitals in 2011 voluntarily chose to not perform early elective deliveries before 39 weeks of pregnancy.

"We're not really certain why mental health inpatient costs have decreased," she added. "We're hoping it's because of the integration of physical and behavioral health in primary care."

The state withholds 3% of its payments to CCOs and puts the money into a bonus pool which gets distributed in June, according to how well each did on the individual incentive measures.

"We believe that fundamental piece is leading to the positive results we're seeing," Coyner said. "That's definitely a learning from this process."

Other drivers in the improvement have stemmed from the flexibility CCOs were given and the innovation this spurred, said Cynthia Ackerman, a nurse and the vice president of community engagement and government programs for the AllCare CCO which covers southwest Oregon.

When the reform was being launched, Gov. John Kitzhaber, a former emergency medicine physician, described how he envisioned the program purchasing inexpensive air conditioners for seniors to avoid the expense of heat-related hospitalizations. Ackerman said her CCO has used these "flexible service" funds for services for which healthcare has no billing code.

Ackerman said her CCO care coordinators, mostly nurses and social workers, are empowered to go after the "social determinants" of health that impact health but their cures are not medical in nature.

"You really have to drink the Kool-Aid and not be so rigid and think that a doctor's office or an ER has all the answers to a person's health problems," Ackerman said.

She told of a man with mental illness who wouldn't bathe. This made the staff at his

doctor's office uncomfortable when treating him and led to him being barred from the local grocery store and other locations. A care coordinator discovered the man did not have hot water in his apartment and paid a plumber to fix it, which helped end his social isolation.

“For $60, that piece of his situation was solved,” Ackerman said.

Another man was severely depressed, morbidly obese and was developing stasis ulcers from his lack of movement.

“We provided him with every professional service available—and it wasn't touching him at all,” Ackerman said.

The care coordinator came up with solution: Get the man a dog.

“He was thrilled,” Ackerman said. “He completely opened up, and dogs need to be walked, need to be fed and offer unconditional love. It was a win-win.”

In another case, the CCO was trying to help an obese woman in her late 30s or early 40s who had diabetes, hypertension and mental health issues. She was enrolled in a health and wellness program at the local YMCA, but she only went once. The care coordinator discovered it was because the bulky clog shoes she worked out in gave her blisters. The care coordinator then had her fitted for $30 athletic shoes and she now regularly works out at the Y, where the CCO paid for her membership.

“A doctor can talk and talk and counsel,” Ackerman said. “But it took someone going into her house and asking why she didn't participate in the YMCA program.”

Both Ackerman and Coyner discounted the findings of a study published last January in the journal Science, which reported that new enrollees in Oregon's Medicaid program faced barriers to care and increased their visits to the emergency department by 40%

Though published last year, the study used data from 2008.

“It's a different world,” Coyner said. “There have been a lot of changes since that study happened and the data was from prior to our health system reform efforts.”

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